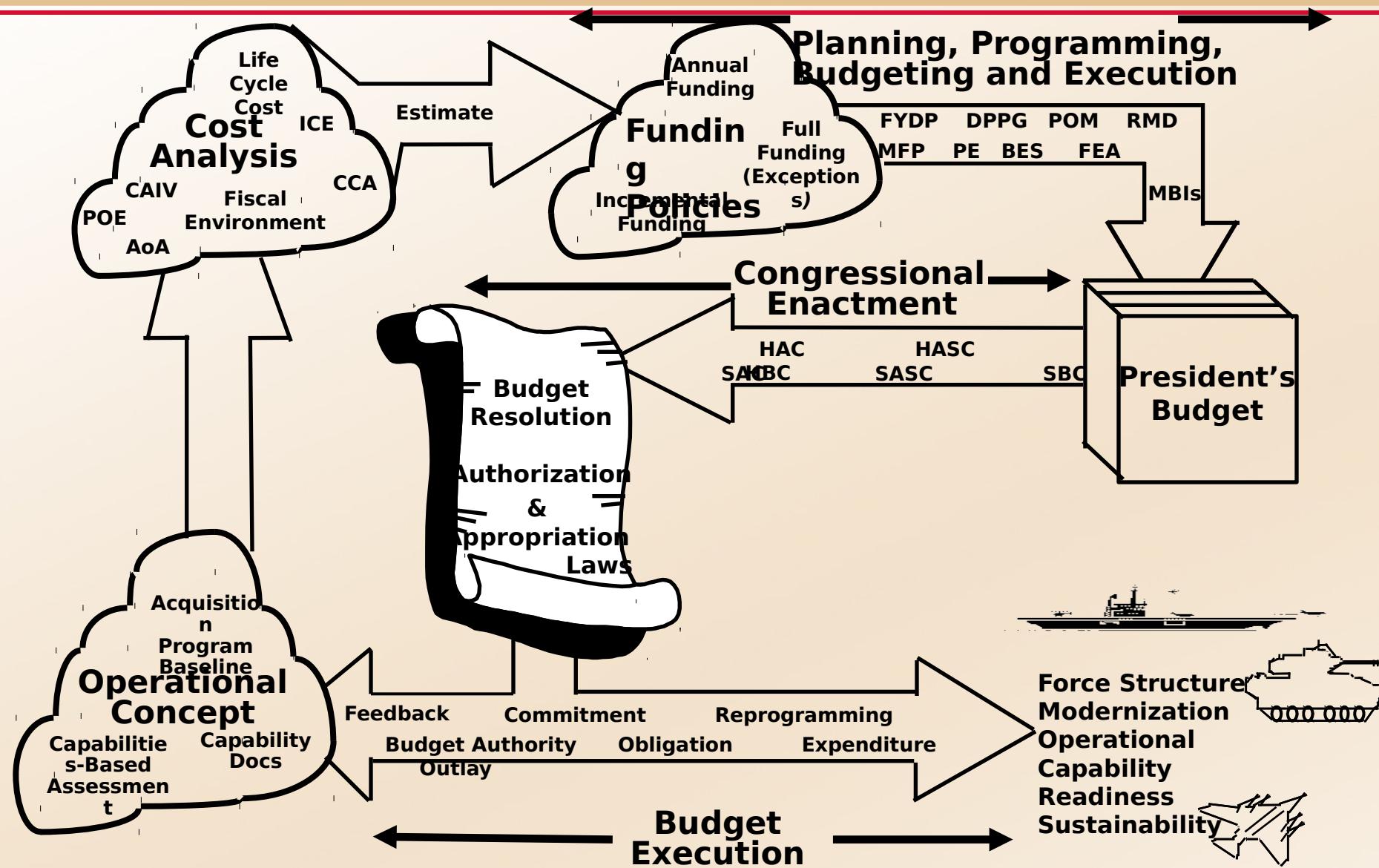




# **Planning, Programming, Budgeting, and Execution (PPBE) Process**

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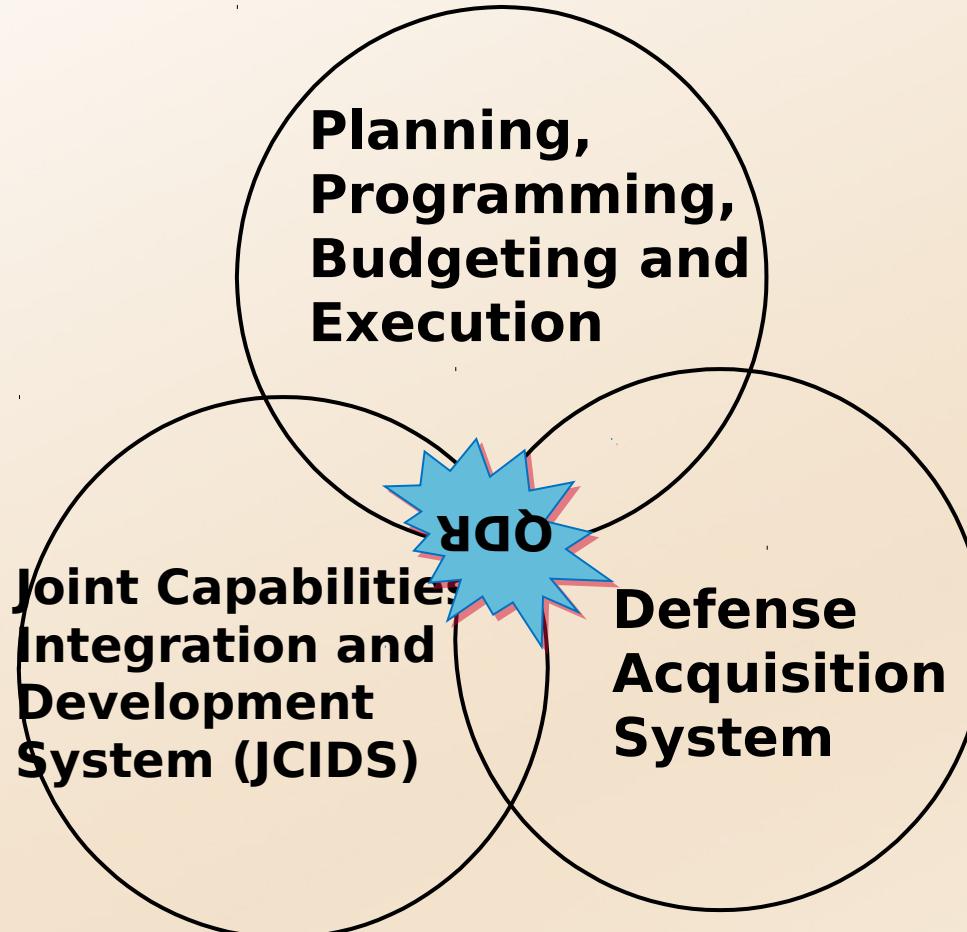
# From Requirement to Capability



- **PPBE Overview**
  - Management Systems and Phases
  - Major Changes in FY 12-16 PPBE Cycle
  - Front End Assessments
  - DoD Efficiencies Initiative
- **Building Blocks**
  - FYDP, MFP, Program Elements
- **PPBE Process and Schedule**
- **Capability Portfolio Managers**
- **Membership of DAWG and SLRG**
- **Resource Allocation Process**



# Three Major DoD Management Systems



# Resource Management System

★ **PPBE is the Primary Resource Management System for DoD:**

- Articulates strategy
- Identifies size, structure and equipment for military forces
- Sets programming priorities
- Allocates resources
- Evaluates actual output against planned performance and adjusts resources as appropriate



- **Planning (OSD Policy)**
  - Assess capabilities / review threat
  - Develop guidance
- **Programming (OSD CAPE)**
  - Turn guidance into achievable, affordable packages
  - Five-year program (Future Years Defense Program)
- **Budgeting (OSD Comptroller)**
  - Test for efficient funds execution
  - Scrub budget year
  - Prepare defensible budget
- **Execution Review (concurrent with program/budget review)**
  - Develop performance metrics
  - Assess actual output against planned performance
  - Adjust resources to achieve desired performance goals





# 4 Major Changes in the FY 12-16 PPBE Cycle

## DepSecDef memo, dated 9 Apr 10

- **DPPG (was GDF and JPG)**
- **One budget year (was two on the “on years”)**
  - Makes this an annual budget cycle vs a biennial budget
  - Every year is a “POM” year
  - No more PRs (Navy), APOMs (AF), or mini-POMs (Army)
- **Focus on a 5-year period**
  - Changed FY12-17 period to FY 12-16
- **DOD conducting Front End Assessments**
  - Eight issues with SecDef oversight via the “Large Group”
  - All other issues led by DepSecDef via the DAWG



# Front End Assessments

## SecDef memo, dated 11 May 10

- **Strategic Comm and Info Operations**
- **Long Range Strike Family of Systems**
- **Airborne ISR**
- **Cyber Defense**
- **Global Posture**
- **Reset of Equipment from Operations**
- **Integrated Air & Missile Defense**
- **Tactical Aircraft**



# DoD Savings and Efficiencies Initiative

as of 28 Jun 10

\$B	FY12	FY13	FY14	FY15	FY16	Total
<b>Army, Navy, Air Force</b>	<b>2</b>	<b>3</b>	<b>5.38</b>	<b>10</b>	<b>28.3</b>	
<b>Def Agency/Field Activity</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>17</b>
<b>Combined Goal</b>	<b>7</b>	<b>11</b>	<b>18.9</b>	<b>28</b>	<b>37</b>	<b>101.9</b>



# OSD (C) Fact Sheet

## Savings and Efficiencies Initiative

- **Goal: Create more agile, flatter, and efficient organization**
- **Military departments can keep their savings and apply to critical areas such as**
  - **Personnel in units**
  - **Force structure**
  - **Readiness to fight**
  - **Investment in future capabilities**
- **Goals will be reviewed annually and may change**
- **Initiatives must be specific, actionable, and measurable**
  - **Percentage and across-the-board reductions are not acceptable**
- **No organization, including OSD, is excluded**
- **Must be in POM/BES FY12-16 submission to OSD due 30 Jul 10**



# Better Buying Power

## USD(AT&L) 14 Sep 10 Memo

- **Target Affordability and Control Cost Growth**
  - Mandate affordability as a requirement
  - Drive productivity growth through Will Cost/Should Cost management
  - Eliminate redundancy within warfighter portfolios
  - Make production rates economical and hold them stable
  - Set shorter program timelines and manage to them
- **Incentivize Productivity and Innovation in Industry**
  - Reward contractors for successful supply chain and indirect expense management
  - Increase use of FPIF, where appropriate
    - Use 50/50 share and 120% ceiling as point of departure
  - Adjust progress payments to incentivize performance
  - Extend the Navy's preferred supplier program to a DoD-wide pilot
  - Reinvigorate industry's IRAD and protect the defense technology base
- **Promote Real Competition**
  - Present a competitive strategy at each program milestone
  - Remove obstacles to competition
    - Require open systems architecture and set rules for acquisition of technical data rights
  - Increase dynamic small business role in defense marketplace competition



# Better Buying Power (cont.)

## USD(AT&L) 14 Sep 10 Memo

- **Improve Tradecraft in Services Acquisition**
  - Create a senior manager for acquisition of services in each component, following the Air Force's example
  - Adopt uniform taxonomy for different types of services
  - Address causes of poor tradecraft in service acquisition
  - Increase small business participation in providing services
- **Reduce Non-Predictive Processes and Bureaucracy**
  - Reduce number of OSD level reviews...
  - Eliminate low-value added statutory processes
  - Reduce by half, the volume and cost of internal and congressional reports
  - Reduce non-value-added overhead imposed on industry
  - Align DCMA and DCAA processes to ensure work is complimentary
  - Increase use of Forward Pricing Rate Recommendations to reduce admin costs



# Future Years Defense Program (FYDP)

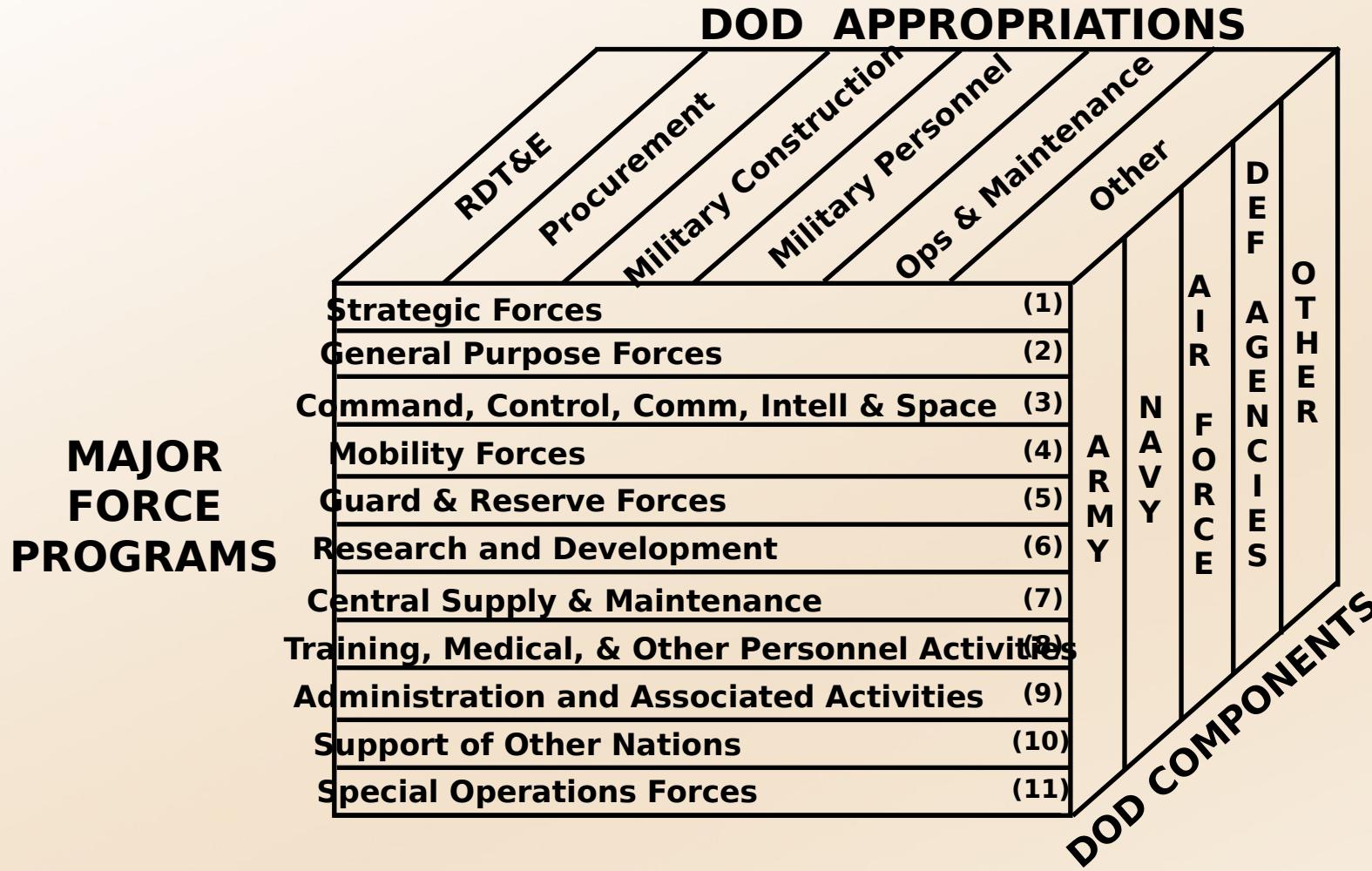
- Computer database maintained by CAPE
- Contains approved force structure and resources for all Defense Programs
- Updated two times per annual PPBE cycle:
  - Program Objectives Memorandum/Budget Estimate Submission (POM/BES) - July
  - President's Budget (PB) - February
- Reflects PY, CY, BY, + 4 Out-Years +

10    1    12    13    14    15    16

1

3 additional years for force structure  
only

- FYDP 2012-2016 (updated CY 2010) would include:
  - FY 12-16 for force structure & resources
  - FY 17-19 for force structure only





# Program Elements

**PROGRAM ELEMENT (PE):** Smallest aggregation of resources normally controlled by OSD

- **PE NUMBER:** Used to track and identify resources; seven digit number followed by an alphabetic suffix
- **PROGRAM 1 ( STRATEGIC FORCES )**
  - 0101126F** - B-1B Squadrons
  - 0101215F** - Peacekeeper Squadrons
  - 0101228N** - Trident
  - 0101316A** - Worldwide Joint Strategic Comm
  - 0102424F** - SPACETRACK
- **PROGRAM 2 ( GENERAL PURPOSE FORCES )**
  - 0202112A** - Airborne Divisions
  - 0204224N** - Frigates - Missile
  - 0207138F** - F-22 Squadrons
  - 0207423F** - Advanced Communications Systems

<b>A</b> - ARMY
<b>N</b> - NAVY
<b>M</b> - MARINE
<b>F</b> - AF
<b>D</b> - OSD
<b>C</b> - MDA
<b>E</b> - DARPA
<b>J</b> - JCS
<b>S</b> - DLA
<b>BB</b> - SOCOM
<b>DBD</b> - DFAS

Ref: DoD 7045.7 -

H

*~Starts FEB/MAR (1<sup>st</sup> Year)*

President

National Security Council

CIA/DIA/JCS/OSD



**Planning Phase focus:**

- Threat vs Capabilities
- Update strategy
- Guidance for programming

*APR ( DPPG)/Sep ( FEAs)*

*Finish 2<sup>nd</sup> Year*

**FEAs**

Under direction of CAPE

FEAs to be a strategic view  
used to inform program/budget reviews.

**OSD Level**



To Concurrent  
Program/Budg  
et Review

**JCS Level**



(JCS,  
COCOMs,  
SERVICES)

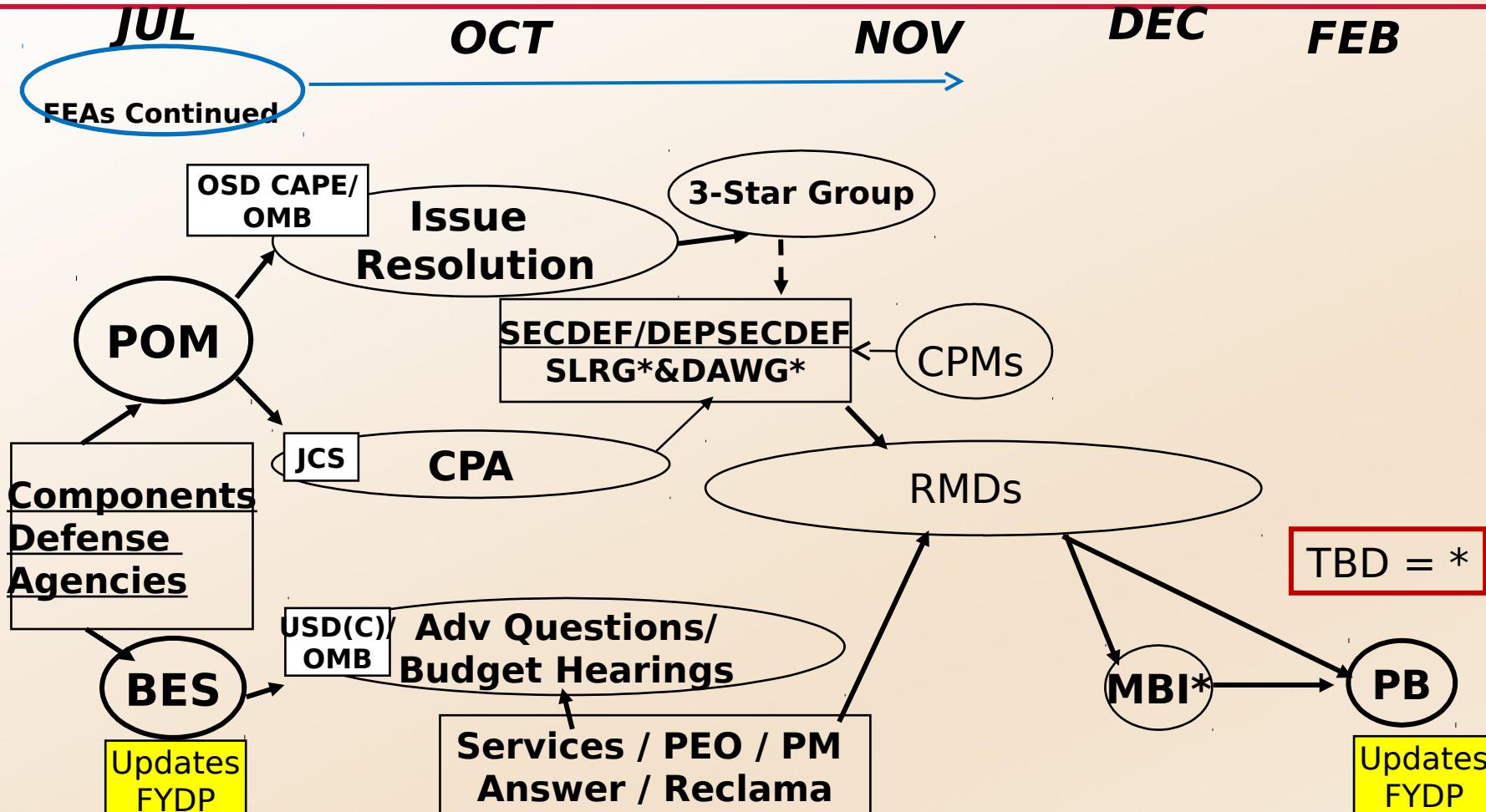
**CIA** - Central Intelligence Agency; **COCOM** - Combatant Command; **CPR** - Chairman's Program Recommendation

**DIA** - Defense Intelligence Agency; **DPPG** - Defense Planning & Programming Guidance; **JCS** - Joint Chiefs of Staff

**NDS** - National Defense Strategy; **NMS** - National Military Strategy; **NSS** - National Security Strategy

**OSD** - Office of the Secretary of Defense; **QDR** - Quadrennial Defense Review; **FEA** - Front End Assessments

# DAU Concurrent Program/Budget Review



BES - Budget Estimate Submission; CAPE - Cost Assessment & Prgm Evaluation

COCOM - Combatant Commander; CPA - Chairman's Pgm Assessment; CPM - Capability Portfolio Manager

DAWG - Deputy's Advisory Working Group; FEAs- Front End Assessments; FYDP - Future Years Defense Pro

MBI - Major Budget Issues; OMB - Office of Management and Budget; PB - President's Budget

POM - Program Objectives Memo

RMD - Resource Management Decision; SLRG - Senior Leader Review Group



# FY 12-16 Program/Budget Schedule

**2 April 10 Fiscal Guidance Issued**

**30 April 10 Defense Planning and Programming Guidance (DPPG) Issued**

**30 July 10 Component POM/BES Submissions Due**

**2-13 Aug 10 Component POM Briefs to 3-Star/DAWG**

**30 Aug 10 Issue Nominations Due**

**3 Sep 10 Budget Justification Material Due to OSD/OMB**

**22 Nov 10 Program/Budget Review Complete**

**7 Feb 11 President's Budget Submitted to Congress**



# Capability Portfolio Managers (CPMs)

- **9 Portfolios are Based on Existing Joint Capability Area (JCA) Structure**
- **Civilian/Military Co-Leads Designated by DEPSECDEF**
- **Have No Independent Decision Making Authority**
- **Afforded Access to JROC, DAB & Other Established Component Forums**
- **Shall Establish or Identify Existing Portfolio-Level Governance for Each Portfolio**



# Capability Portfolio Managers (CPMs) Leadership

Capability Portfolio and Tier 1 JCA	CPM Civilian Lead	CPM Military Lead	Senior Warfighting Forum (SWarF) Lead *	CPM Joint Staff OPR *	Functional Capability Boards *
Command and Control	ASD (NII)	JFCOM	JFCOM	J-3	JFCOM
Battlespace Awareness	USD (I)	STRATCOM	STRATCOM	J-2	J-2
Net Centric	ASD (NII)	STRATCOM	STRATCOM	J-6	J-6
Logistics	USD (AT&L)	TRANSCOM	TRANSCOM	J-4	J-4
Building Partnerships	USD (P)	Director, J-5	JFCOM	N/A	J-5
Protection	USD (AT&L)	Director, J-8	STRATCOM	N/A	J-8
Force Support	USD (P&R)	Director, J-8	JFCOM	N/A	J-8
Force Application	USD (AT&L) USD (P)	Joint Requirements Oversight Council (JROC)	JFCOM SOCOM STRATCOM	J-8	J-8
Corporate Management & Support	DCMO	Director, Joint Staff	N/A	N/A	N/A



# Deputy's Advisory Working Group

- Deputy Secretary of Defense (Chair)
- Vice Chairman Joint Chiefs of Staff (Vice Chair)
- Under Secretary of Defense (AT&L)
- Under Secretary of Defense (Policy) and Principal Deputy
- Under Secretary of Defense (Comptroller) /Chief Financial Officer or Principal Deputy
- Under Secretary of Defense (P&R) or Principal Deputy
- Under Secretary of Defense (Intelligence) or Principal Deputy
- Secretary or Under Secretary of the Army      • Director, Joint Staff
- Secretary or Under Secretary of the Navy      • Chief, National Guard Bureau or Deputy
- Secretary or Under Secretary of the Air Force      • Director, SP&P-J5
- Chief or Vice Chief of Staff of the Army      • Director, FS,R&A-J8
- Chief or Vice Chief of Naval Operations
- Chief or Vice Chief of Staff of the Air Force
- Commandant or Assistant Commandant of the Marine Corps
- Commander or Deputy Commander, SOCOM
- Deputy Chief Management Officer
- ASD (Legislative Affairs)
- ASD (Networks & Information Integration/Chief Information Officer
- ASD for Public Affairs
- General Counsel
- Director of Administration and Management
- Director or Principal Deputy Director, CAPE



# Senior Leader Review Group

Secretary of Defense  
Deputy Secretary of Defense  
Secretary or Under Secretary of the Army  
Secretary or Under Secretary of the Navy  
Secretary or Under Secretary of Air Force  
Chairman Joint Chiefs of Staff  
Deputy Chairman Joint Chiefs of Staff  
Under Secretary of Defense (AT&L)\*  
Under Secretary of Defense (Policy)\*  
Under Secretary of Defense (Comptroller)  
/Chief Financial Officer\*  
Under Secretary of Defense (Intelligence)\*  
Under Secretary of Defense (P&R)\*  
Commandant or Assistant Commandant  
of the Marine Corps  
• Director of Administration and Management

- Chief or Vice Chief of Staff of the Army
- Chief or Vice Chief of Naval Operations
- Chief of Staff or Vice Chief of the Air Force
  - General Counsel
  - ASD (Legislative Affairs)
  - ASD (Networks & Information Integration/Chief Information Officer)
  - ASD for Public Affairs
  - Director, Cost Assessment and Program Evaluation
- Director\* Joint Staff Deputy
- Deputy Chief Management Officer
- Chief, National Guard Bureau<sup>22</sup>



# Resource Allocation Process

		CY10					CY11					CY12													
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
FY10	Execution					2nd Yr					3rd Yr														
	FY 10 and prior																								
FY11	Enactment					Execution					2nd Yr					3rd Yr									
	↑ PB FY 11					FY 11 and prior																			
FY12	Planning/Program/Budgeting					Enactment					Execution					2nd									
	FY 12-16 POM 16 FY 12 BES DPPG					↑ PB FY 12					FY 12 and prior														
FY13	Planning					Program/Budgeting					Enactment					Exec									
	FY 13-17 DPPG					FY 13-17 POM FY 13 BES					↑ PB FY 13					FY13 & prior									
FY14	Planning					Program/Budgeting					FY 14-18 POM FY 14 BES														
	FY 14-18 DPPG																								

PB – President's Budget

BES – Budget Estimate Submission

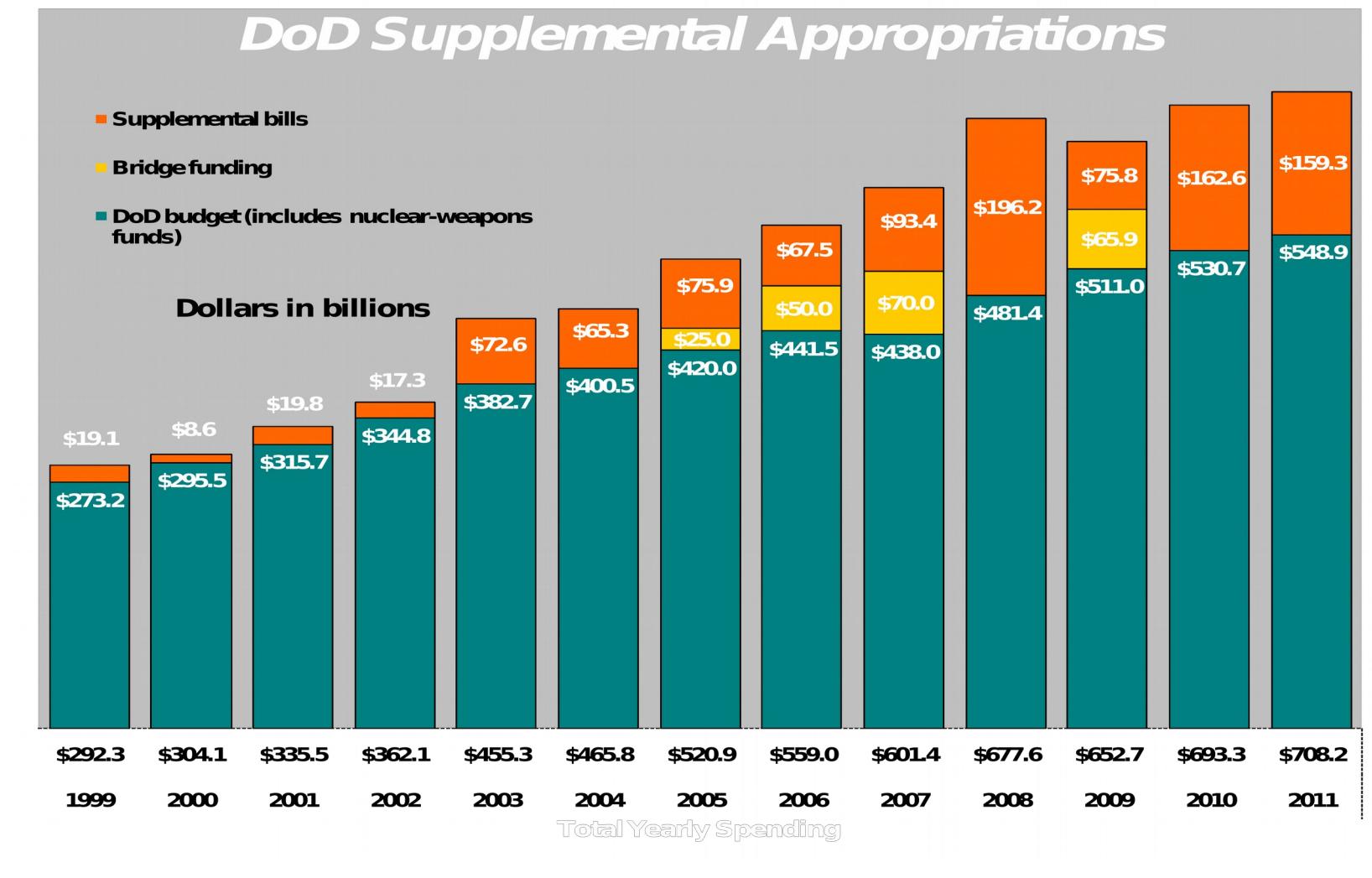
POM – Program Objectives Memorandum

DPPG – Defense Planning & Programming Guidance



# Backups

# DoD Supplemental Appropriations





# Most Probable Cost (MPC)

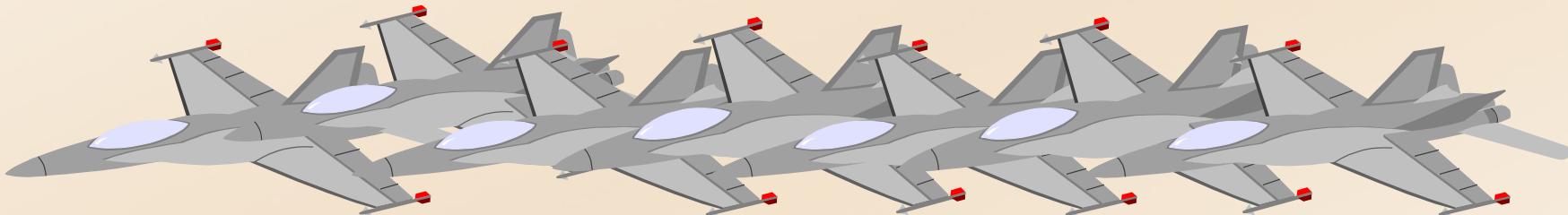
- **AKA Most Likely Cost**
- **50% chance of overrunning or underrunning on a normal curve**
- **The Fin Mgt Reg (DoD 7000.14R) says you should budget to MPC**
- **DAPA Report (2006) recommended 80% confidence level (CL)**
- **Air Force SAE (Mr. Van Buren) memo dated 17 Mar 10 says NLT mean (typically 55-65% CL) or expected value of cost estimate**
- **OSD CAIG using 50% CL**
- **WSARA 2009 Section 101**
  - **DCAPE must issue guidance on confidence levels for cost estimates for MDAP and MAIS programs**
  - **MDAP and MAIS programs must disclose confidence level**
    - If less than 80%, must explain



# Below Threshold Reprogramming

Appropriation	Max Into	Max Out	Level of Control
Research, Development, Test & Evaluation (RDT&E)	Lesser of \$10 million Or 20%	Lesser of \$10 million Or 20%	Program Element
Procurement (PROC)	Lesser of \$20 million Or 20%	Lesser of \$20 million Or 20%	Line Item
Operations & Maintenance (O&M)	\$15 million	No Limit, Unless specified	Budget Activity
Military Personnel (MILPERS)	\$10 million	No Congressional Restrictions	Budget Activity
Military Construction (MILCON)	Lesser of \$2 million Or 25%	No Congressional Restrictions	Project

- Exception to Full Funding Policy
- A Single Contract for a Specific Quantity of Usable End Items to be Delivered Over a Period of Time Greater Than One Year But Not More Than Five Years
- After initial MYP Approval by Congress, the Service Requests - and Congress Appropriates - Required Budget on a “Year by Year” Basis to Obligate Against the Contract



**Source: DoD 7000.14-R, Vol 2A, Chap 1, Section 010203**

# Defense Appropriations “Colors of Money”

